



BUDGET WEEK UPDATE

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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Summarizing budgetary issues in legislation
scheduled for the House floor

20 July 2004

Week of 19 July 2004



LEGISLATION CONSIDERED UNDER A RULE

- Bill:** *District of Columbia Appropriations Act for Fiscal Year 2005* (H.R. 4850). 
- Committee:** Appropriations
- Summary:** Congress appropriates federal payments to the District to fund certain activities and also reviews the District's entire budget, including the expenditure of local funds. Congress must approve, and may modify, the District's budget. Among the programs and agencies this measure funds are the Resident Tuition Program, Emergency Planning and Security, Emergency Personnel cross-training, Hospital Bioterrorism Preparedness, the D.C. Courts system, Defender Services and the Federal Water and Sewer Authority Payment.
- Cost:** According to the Congressional Budget Office, this bill will cost \$560 million in budget authority and \$538 million in outlays.
- Budget Act:** The budget authority provided in this bill is equal to the 302(b) allocation to the Subcommittee on the District of Columbia, and the outlays are \$16 million below the allocation. This measure is not expected to violate any of the provisions of the Congressional Budget Act.
(Please *Appropriations Update*, Volume 4, Number 10.)
- Bill:** *Stock Option Accounting Reform Act* (H.R. 3574). 
- Committee:** Financial Services
- Summary:** This bill requires publicly traded companies to include the value of a portion of stock options as expenses in their annual financial reports. This is known as "expensing stock options." The bill's requirement applies to the stock options granted to a company's chief executive officer and the four highest-paid executive officers. The bill exempts small companies from the requirement. Under the bill, the Securities and Exchange Commission is required to establish regulations for expensing stock options, and the Departments of Commerce and Labor are required to study the economic impact of implementing expensing of stock options for all of a company's employees.
- Cost:** This bill will not have a significant effect on the federal budget. It is not expected to increase direct spending or reduce revenue.
- Budget Act:** This bill does not violate any provision of the Congressional Budget Act.


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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to address support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A yellow flag indicates moderate or potential problems. A red flag indicates serious problems. *Also note: Floor schedules and legislative details are subject to change after publication.*

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and therefore may not reflect the views of all the committee's members.

Bill:	<i>Military Construction Appropriations Act for Fiscal Year 2005</i> (H.R. 4837). 
Committee:	Appropriations
Summary:	<p>The military construction appropriations bill provides a large part of the funding to maintain this infrastructure managed by the Department of Defense [DOD], including land, buildings, office space, and various other U.S. military installations. The bill includes appropriations for military personnel, civil servants, and other U.S. and foreign nationals. The bill funds construction projects and some of the facility sustainment, restoration, and modernization of the active Army, Navy and Marine Corps, Air Force, and their reserve components; additional defense-wide construction; U.S. contributions to the NATO Security Investment Program; and military family housing operations and construction. The bill also provides funding for the Base Realignment and Closure account, which finances most base realignment and closure costs, including construction of new facilities for transferred personnel and functions, and environmental cleanup at closing sites.</p> <p>This measure, as reported by committee, also includes an amendment that increases the Military Housing Privatization Initiative [MHPI], which will increase direct spending by \$1.2 billion in fiscal year 2005 and by \$1.6 billion in fiscal year 2006.</p>
Cost:	The bill, as reported, exceeds the 302(b) allocation of \$10.003 billion made by the Appropriations Committee to the Subcommittee on Military Construction. The bill funds military construction programs at \$11.208 billion in budget authority, \$1.205 billion above the suballocation.
Budget Act:	<p>This bill, as reported, violates section 302(f) of the Congressional Budget Act. This section precludes the consideration of any measure that exceeds a committee's 302(a) allocation of budget authority. For appropriations measures, a bill also may not exceed the allocation of budget authority under section 302(b) of the Budget Act. The Appropriations Committee distributes its 302(a) allocation of budget authority among its 13 subcommittees (the 302(b) suballocation), and a subcommittee may not report a measure exceeding that level. The Military Construction subcommittee received \$10.003 billion in budget authority, but the full Appropriations Committee accepted an amendment that increased the cost of the measure by \$1.2 billion, breaching its suballocation.</p> <p>Discussions are ongoing among the Budget, Appropriations, and Rules Committees about an appropriate mechanism for bringing the bill into compliance with the Budget Act.</p> <p>(Please see forthcoming <i>Appropriations Update</i>.)</p>
Bill:	<i>Marriage Protection Act of 2003</i> (H.R. 3313). 
Committee:	Judiciary
Summary:	This bill would deny Federal courts jurisdiction to hear or determine any question pertaining to the interpretation of the Defense of Marriage Act or the Federal statute defining marriage.
Cost:	According to the Congressional Budget Office, implementing this bill would not have a significant effect on the Federal budget.
Budget Act:	Enacting this bill will not violate the Congressional Budget Act.

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Bill: *United States-Morocco Free Trade Implementation Act* (H.R. 4842). 

Committee: Ways and Means

Summary: This bill eliminates tariffs on 95 percent of two-way trade in industrial and consumer goods upon enactment. U.S. service providers, including banks and insurance companies, will receive, with few specific exceptions, treatment equal to that accorded Moroccan companies. U.S. farmers and ranchers, including poultry farmers, cattle producers, and wheat farmers, will have increased access to Morocco's markets. Morocco will provide U.S. copyright, patent, and trademark owners stronger protection and more effective enforcement of intellectual property rights. Morocco's government will publish its laws and regulations concerning matters covered by the Agreement, as well as allow public comment.

Cost: No cost estimate has been completed for this legislation, but preliminary estimates it will reduce revenue by \$52 million over 5 years. This occurs because the tariffs are a form of taxation, so reducing them reduces revenue..

Budget Act: Though this bill may cause revenue to be lower, it is not expected to reduce revenue below the level provided for in the budget resolution. It is not expected to violate any section of the Congressional Budget Act.

Prepared by **The Committee on the Budget**